



**“Regional Conference - Western Balkans  
Sustainable Policies towards EU Integration”**  
**A snapshot of insights**



## “Regional Conference - Western Balkans Sustainable Policies towards EU Integration” - A snapshot of insights



This document presents a detailed report of Balkan Green Foundation’s Regional Conference held on the 26th of April 2016. The conference gathered stakeholders of different spheres including national and international CSO members, government representatives, relevant organizations, and financial donor organizations with the aim of collaborating towards sustainable policies for the Western Balkan region.

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## Overview

This report's main aim is to present a snapshot of Balkan Green Foundation's Regional Conference "Western Balkans Sustainable Policies toward EU Integration" that was held in Prishtina on the 26th of April, 2016. The conference gathered stakeholders not only from the national and regional level but also international organizations that heavily influence the adoption of sustainable policies in the Western Balkans region. Through panel discussions, representatives from civil society organizations, government and relevant ministries, international establishments as well as financial donors brainstormed upon ideas to push forward the region's sustainable development and the action plan to be undertaken in order to make this regional development a priority on the political agenda.

Balkan Green Foundation member organizations as well as Brussels and Washington D.C partners held additional workshops on the 25th and the 27th of April. The purpose of the two internal workshops was to develop mutual action plans, which the region is to follow regarding prominent issues in energy efficiency, renewable energy, liberalization of the energy market, and adoption of a Green Agenda in policy decision making. Thus, in addition, this report also provides summaries of the internal two-day workshop as well as the regional conference day with the aim of providing a holistic overview of the 3-day conference accomplishments.

## First day of the conference - April 25, 2016

The workshop of the 25th of April consisted of Balkan Green Foundation partner organizations from Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, and Serbia as well as Brussels and Washington D.C partners whereupon the Balkan Green Network was officially launched and its objectives presented to the participants. The report prepared by Balkan Green Foundation entitled "Energy Situation Analysis in the Western Balkans"



was presented to the audience, highlighting the energy situation in the region and the challenges encountered. In addition, each Western Balkan country presented their respective energy situations, specifically focusing on electricity problems, energy efficiency, renewable energy sources, problems encountered in market liberalization, and price affordability. The achievements Western Balkan countries have made within the Energy Community Treaty as well as the challenges encountered for the implementation of a Sustainable Development Agenda were also tackled. It was concluded that given the similar state of development of the Western Balkans and the similarity in the roadblocks encountered, the region should jointly collaborate to push forward a sustainable green pathway.

Representatives from Brussels and the United States also discussed the energy transition challenges encountered in Europe and the US, with the prominent issue being the transitioning process away from coal and towards unlocking the potential of the renewable energy sector, and especially the transitioning of the labor force from fossil fuels toward renewables.

The day concluded with identified areas that the Western Balkan region and the Balkan Green Foundation shall focus upon including energy efficiency, renewable energy, and issues that fall under the connectivity agenda. In addition, the transport sector, the private sector and what can it do in partnership with the civil societies, as well as the follow-up studies to be done in the aforementioned spheres were also highlighted.

## Second day of the conference – April 26, 2016

April 26th marked the first Balkan Green Foundation conference at a regional level, a pioneer gathering mobilizing the Western Balkan region toward sustainable development policies. The day began with welcoming remarks from Visar Azemi from the Balkan Green Foundation, Samuel Žbogar from the EU Office, Haki Abazi from the Rockefeller Brothers Fund, and Avduallh Hoti Minister of Finance of Kosovo. The discussions were later on followed by discussions separated on three panels.

### First panel

The first panel, entitled *“The Aftermath of the Paris Agreement: perspectives from the Western Balkans and the EU”* gathered Ulrike Lunacek, Vice-President of the European Parliament, Ferid Agani, Minister of Environment and Spatial Planning, Vrinda Manglik from Sierra Club, Aleksandra Bujaroska from FRONT, Mirko Popović from the Belgrade Open School, and Visar Azemi from the Balkan Green Foundation.



The aim of the panel was to discuss the Western Balkan individual country energy strategies and elaborate upon countries' possibilities to re-evaluate their plans and modify strategies in accordance with the goals resulting from the Paris Agreement.

In addition, the panel participants were to identify issues which will respond to the needs of the region as well as promote awareness for sustainable development options for the Western Balkan. The perspective of EU and Washington D.C on the matter as well as their commitment to implement the Paris Agenda on the regional and international level.

Amongst prominent discussions, the European Parliament advocated towards the need to engage in a step-prioritizing sequence whereby energy security of Kosovo is recommended to follow the following path:

- Compilation of proper assessment studies before deciding on a new power plant 'New Kosovo',
- Prioritization of renewables and increased transparency in procurement procedures,
- Reduction of energy intensity and waste as well as investments on education regarding the matter.

In fact, educational campaigns were several times emphasized during discussions. Such campaigns, according to the panelists should involve topics on the negative environmental effects of coal, the importance that a decarbonized future would have on the generations to come, the indications that result from air quality monitoring equipment, and related environmental topics.

Stress was also placed on the crucial importance of introducing reforms in the political agenda of the region, especially in two matters: 1) Increasing the transparency in decision making procedures and investments and 2) Introducing sustainable funding mechanisms (such as an environmental fund) which would facilitate sustainable investments.

Lastly, the panel also discussed upon the renewable investments, particularly hydro projects which should be scrutinized carefully before the implementation phase as they might be solving the energy issue at the cost of degrading the nature. As such, the Ministry of Environment in Kosovo clarified that the Ministry will not invest in hydro plants located in national parks and to minimize environmental destruction, such hydro plants are to obtain an environment permit on top of a building permit before passing on to the construction phase.

The panel concluded with reflections from the panelists whereby it was established that the Western Balkan region needs to reform their policy agenda, making sustainable development a top priority, and together with other developed nations the region shall commit to reducing CO<sub>2</sub> emissions by 95% until 2050. Lastly, given that the Energy Efficiency potential of our countries is substantial, policies of this area shall be the main instrument of transformation for the energy sector, together with reforms in the rule of law.

## Second panel



The conference's second panel "*The Western Balkans Connectivity Agenda: Regional Markets - An Integrated Solution*" consisted of Samuel Žbogar, Head of EU Office in Kosovo, Blerand Stavileci, Minister of Economic Development, Janez Kopač Director of the Energy Community Secretariat, Agim Bregasi Director of Energy Policy in Albania's Ministry of Energy, Julien Pestiaux from Climact, and Fisnik Korenica from KOSID.

The aim of the panel was to discuss the achievements that countries of the Western Balkans have made to liberalize their energy markets as well as the obstacles that the region must overcome in order to push forward the connectivity agenda.

It was highlighted by all the panelists present that the connectivity agenda must become a priority in decision making not only because it would aid in solving the energy security problem but also because it could be a pathway of job creation and economic growth through foreign and national investments.

The Energy Community Secretariat stressed out the importance and the need to cooperate regionally in diversifying the energy mix and solving the problem of energy security. In addition, the Secretariat pointed out the following key measures to be taken in order to accurately implement the agenda:

- Adoption of the third energy package
- Budgetary autonomy of the energy regulatory authorities
- Price liberalization

The panel also discussed upon the upcoming projects which would contribute to the implementation of the agenda. The 400 kV line of Kosovo-Albania as stated by Albania's representative at the conference is to be finalized in June 2016 and in addition, Albania is also engaging in another interconnectivity line with Macedonia. To add, both Albania and Kosovo have jointly applied to the Western Balkans Investment Framework's (WBIF) division of gas supply in attempts to have access in gas supply and further diversify the energy mix.

In addition to the connectivity agenda, the panel also discussed upon the possibility and the trade-offs between gas and power investments. Altogether, it was claimed that enough investments on the energy efficiency would solve the issue of electricity and gas supply.

Despite the readiness and commitment of the region to implement the connectivity agenda, there are indeed numerous roadblocks hindering the progress of such implementation. A key problem for example is the fact that the transmission lines and the general infrastructure is obsolete and as a result the efficiency of transmission from point A to point B is rather feeble. All in all, to tackle the energy problem the panelists have overall concluded that the solution rests among the mix of energy security, affordability, energy efficiency and its funding mechanism possibilities, macro fiscal stability, interconnectivity, economic growth, and generation of jobs.

### Third panel

The third and concluding panel of the conference “*Energy Efficiency and Renewable Energy Sources*” consisted of Dajana Berisha from KOSID, Tadeja Kovačič from the Slovenian Environmental Public Fund, Jas Singh from the World Bank, Andreas von Schoenberg from the Schoenberg Consulting, Esther Gravenkötter from KfW, Gerard Wynn from the Institute for Energy Economics & Financial Analysis, and Jozsef Fieler from the European Climate Foundation.



The prominent institutions discussed upon the targets and obligations that the Western Balkan must fulfill under the Energy Community Treaty, with special emphasis on the funding mechanisms to push forward investments in the renewable and energy efficiency sector. The panel also aimed to derive best practices in funding mechanisms of EU countries and apply such lessons learned to the Western Balkan region in order to facilitate the transition away from fossil fuels toward sustainable energy practices.

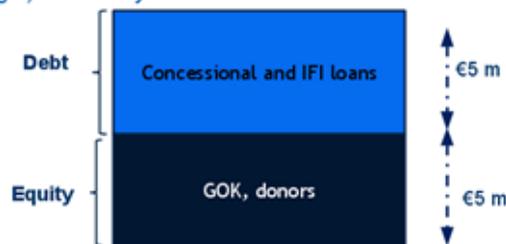
Taking into account that the lack of financial resources are the stemming reason of implementation difficulties, the panel discussed upon the Slovenian Eco-Fund, a public fund used to provide financial incentives for environmental investments since 1993. Mechanisms of financing such a fund include: soft loans, grants, decrees on energy saving requirements (part of consumers' billing), and earmarked taxes. The Climate Change fund is also in place, funded mainly by emission coupons. The fund prioritizes investments in the building sector which is

said to have the biggest potential of energy saving and greenhouse gas emission reductions. The fund thus far has benefited the Slovenian citizens not only with environmental benefits including CO2 reductions and GWh savings, but also economic effects such as increases in budgetary revenues, increase in the rate of employment, decrease in energy dependency, encouraged sustainable use of depletable resources, and improvement in the quality of life among others.

The panel also discussed upon the progress that the Western Balkan region has made in regards to fulfilling the targets set forth by their National Energy Efficiency and Renewable Energy Action Plans. As of 2012 it was presented that Bosnia and Herzegovina, Kosovo, and especially Montenegro have slightly exceeded their initial targets on Energy Efficiency. The World Bank according to the panelist representative has recently implemented and planned \$163 million for energy efficiency projects in public buildings as improving the energy efficiency in the public sector is key to achieving the 9% target by 2018. The project however has proven difficult to implement due to the difficulty of intervening on more than 20-30 buildings per year, and the lack of sustainable funding mechanisms.

The picture to the right is taken from a power point presentation of the World Bank panel member whereby a revolving Energy Efficiency Fund for Kosovo is proposed. As seen, the fund would consist of 5 million euros of equity and 5 million of debt financed by IFI loans. Such a fund is seen feasible by the World Bank given its relatively short breakeven period of 4-6 years. Additionally to energy efficiency and respective financing mechanisms, the possibility of diversifying the energy mix by investment in renewable energy was also highlighted by members of the panel. For example, it was highlighted that substantial potential exists in replacing electric heating with renewable alternatives, but however regulation of feed-in tariffs is seen as crucial.

Equity of €5 million (government, donors)  
 Debt of €5 million – IFI loans  
 Small permanent EERF staffing with use of consultants  
 Fee structure to cover admin and overhead costs (audit, procurement, financing, oversight) ~ € 300k/yr



- Investments: €2-3 million per year
- Typical payback periods: 4-6 years
- Breakeven: 4-6 years
- Possible recapitalization: 5-6 years

The concept of “Energiewende” or energy transition away from fossil fuels toward renewables was another topic of discussion of the third panel. Germany’s progress on this sector were discussed whereby it was concluded that investments in clean energy in Germany have produced the following effects to the economy of the latter.

- Energiewende has had a substantial positive impact upon the development of the rural community- diversification and stabilization of farm incomes
- Gross value added in manufacturing, installation, operations, and maintenance
- Local tax revenues have increased
- Decentralization of energy generators of wind, solar, and biogas owned by farmers, cooperatives, businesses, municipalities, as well as utilities
- Reduction of CO2 by 27% approximately since the base year of 1990

Despite the positive effects that renewable investment might have on the region however, the panel discussions also emphasized that such investments might increase consumer bills by 3.8-4.3% by 2020 which could introduce further affordability problems. In addition, other challenges ranged amongst incomplete resource assessment, lack of long-term financing, incomplete licensing procedures, grid expansion, and the problem of battery storage.

The panel concluded with recommendations including the need to invest in energy efficiency, strengthen institutions, develop energy efficiency and renewable energy sustainable funding mechanisms, and the need to switch away from fossil fuels toward sustainable, clean practices.

## 27th of April

On April 27th, after the open-day conference, Balkan Green Foundation once again gathered a workshop with the internal stakeholders to develop concrete focused strategies of the Western Balkans, Brussels, and Washington D.C for the 2016/17 period. The identified sectors whereby the organizations are to focus on include:



- **Energy efficiency** - focus on conducting studies, pilot projects, continuous discussions with the government, conferences of the regional scale, and grassroots organizations to raise awareness for the importance of the energy efficiency.
- **Interconnectivity** of the energy market of the Balkan Region - focus on conducting price affordability studies, mapping the process of adoption and implementation of the legislation, reminding the decision makers of the legal obligations, engage in investigative reporting, as

- **Unlocking the renewable potential** in the region - facilitate discussions between citizens, businesses, and governments, and push forward for investments in the renewable sector especially that of solar energy.
- Streamlining the **Paris Agreement** on climate change into political decision making priorities - direct advocacy and meetings in Brussels and Vienna.
- Regular press conferences for different sustainable development issues, conducting studies on obstacles of investments, advocacy towards full transparency in decision making, etc.

Lastly, the workshop also focused on the approach that media is to take on the matter, recognizing their importance in raising awareness of the population about environmental concerns. It was highlighted that the approach taken should tackle emotion to the average citizens and be up to date with the media approaches of the market.

## Conclusion

The three-day regional conference gathered relevant stakeholders in the Western Balkan in an attempt to mobilize in prioritizing sustainable practices on the political agenda of national governments in the region. In addition, the conference also resulted in the creation of concrete action plan that member organizations are to follow in the 2016/17 period. Most importantly however the conference made a landmarking stepping stone in hosting a conference of a regional level to discuss prominent issues in the field of sustainable development.

The link to the full conference can be found below:

<https://www.youtube.com/watch?v=ayO8F5TZDd0>

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**BGF** 